

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2009-512-W - ORDER NO. 2010-__

AUGUST __, 2010

IN RE:)	
Application of Hamilton-Haynes Water)	ORDER APPROVING SETTLEMENT
Works for an Establishment of its Service)	AGREEMENT AND RATES AND
Area, Rates and Charges for the Provision)	CHARGES
<u>Of Water Services</u>)	

This matter comes before the Public Service Commission of South Carolina (hereinafter the "Commission") on the proposed Settlement Agreement ("Agreement") filed by the Office of Regulatory Staff ("ORS") and Hamilton-Haynes Water Works ("Hamilton-Haynes" or "the Company") (together "Parties").

This matter was initiated on February 8, 2010 when Hamilton-Haynes filed with this Commission an Application for the establishment of service area, rates and charges for the provision of water service. See S.C. Code Ann. §58-5-210 (Supp. 2009). By its application, the Company sought approval of a flat rate of \$25.00 per month for residential customers, a flat rate of \$40.00 per month for commercial and church water service, and a flat rate of \$12.00 per month for irrigation service.

By letter dated April 6, 2010, the Commission's Docketing Department instructed the Company to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by the Company's Application. The Notice of Filing described the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for

inclusion as a party of record. In the same letter, the Commission also instructed the Company to notify directly, by U. S. Mail, each customer affected by the Application by mailing each customer a copy of the Notice of Filing. Hamilton-Haynes furnished the Commission with an Affidavit of Publication demonstrating that the Notice of Filing had been duly published in a newspaper of general circulation in the area affected by the Company's application. The Company also provided the Commission with a letter in which the Company certified that it had complied with the instruction of the Commission's Docketing Department to mail a copy of the Notice of Filing to all customers affected by the Application.

No Petitions to Intervene were filed in this case in response to the Notice of Filing. Pursuant to S.C. Code Ann. Section 58-4-10(B) (Supp. 2009), ORS is a party of record in this proceeding.

As a result of settlement negotiations between them, the Parties have determined that their interests are best served by settling the dispute in this matter under the terms and conditions set forth below. ORS stated in the Agreement that the settlement serves the public interest, preserves the financial integrity of the Company, and promotes economic development within the State of South Carolina. By signing the Settlement Agreement, counsel for ORS and the owner for Hamilton-Haynes acknowledged their consent to its terms. The Settlement Agreement provided that the Parties viewed the terms of the Agreement to be just and reasonable.

A public hearing was held before the Commission on August 17, 2010, at the Commission's offices located at 101 Executive Center Drive, Columbia, South Carolina. Carolyn H. Smith, office and property manager, appeared on behalf of Hamilton-Haynes. ORS was represented by Shealy Boland Reibold, Esquire. At this hearing, the parties offered

into the record the Settlement Agreement dated July 20, 2010. The Parties further introduced into the record and stipulated to the prefiled testimony of Company witness Carolyn H. Smith, and Hannah Majewski, ORS Program Specialist – Water/Wastewater Department. Mrs. Majewski testified in support of the Settlement Agreement.

The Parties asserted before the Commission that the Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable to both the Company and its customers.

Hamilton-Haynes provides water service to 82 customers in Moncks Corner in Berkeley County. There are 80 residential customers, one church, and one convenience store. The system began operations in the early 1960s. Hamilton-Haynes provides water service to its customers using two deep-drilled wells. The rates currently being charged to customers are identical to those the Company is seeking to have approved in its Application.

In the Settlement Agreement, the Parties propose that the rates be implemented as follows: a flat rate of \$25.00 per month for residential customers and a flat rate of \$40.00 per month for commercial and church water service. Water tap fees will be \$560.00 for a ¾” meter, \$760.00 for a 1” meter, and \$1,260 for a 1½” meter. While the Company currently has no irrigation customers, the Company proposed and the Parties agreed to a flat rate of \$12.00 per month for the irrigation system and a corresponding \$600.00 irrigation meter installation charge.

ORS witness Majewski testified that the proposed rate schedule would result in the ability to earn total operating revenue of \$25,140 with an operating margin of 2.8%. ORS provided a late-filed exhibit detailing the computation of the operating margin. The exhibit showed, as adjusted, total operating revenues of \$25,140, total operating expenses of \$24,435,

and net income of \$705. An operating margin of 2.8% was computed using a net income of \$705 divided by total operating revenues of \$25.140. Mrs. Majewski also testified that Hamilton-Haynes is in compliance with DHEC regulations, and Hamilton-Haynes would be a NARUC Class C water utility according to the pro forma revenue information.

Company witness Smith explained that the requested flat rates are the same the Company had been charging before filing its Application. Mrs. Smith testified that they have maintained the system throughout the years and the system is in good condition. Mrs. Smith testified she was one of three employees of the system and that, while the system has meters for every customer, the Company has continued with flat rates because they do not have sufficient manpower to read the meters. Mrs. Smith further testified that the Company had put up proper signage on its well tanks in accordance with recommendations made during ORS's site visit. Mrs. Smith testified the Company was not currently using the NARUC Uniform System of Accounts for its books and records but that she had purchased the necessary materials and would be utilizing the NARUC Uniform System of Accounts in the future. Mrs. Smith testified she agreed with the 2.8% operating margin in the Settlement Agreement.

We find that the rates agreed to by the parties, which are specified in the Settlement Agreement, which is hereby adopted and attached to this Order as Appendix A, are just and reasonable and that such allow Hamilton-Haynes to provide its customers with adequate water service.

The Settlement Agreement provides a schedule of proposed rates, terms, and conditions that are just and reasonable. The parties therefore agreed and stipulated to certain rates and charges and terms and conditions which we hereby approve and are set forth in the

attached Appendix B. We agree, and hereby find, that the rates and charges and terms and conditions contained in the Settlement Agreement are just and reasonable.

After review and consideration by this Commission of the Settlement Agreement, the evidence contained in the record of this case and the testimony of the witnesses, the Commission concludes as a matter of law that the Settlement Agreement results in just and reasonable rates and fees for water service.

Based on the operating revenues, income, and expenses agreed upon by the parties, the resulting allowable operating margin for the Company is 2.8%. See S.C. Code Ann. § 58-5-240(H).

IT IS THEREFORE ORDERED THAT:

1. The Settlement Agreement, including attachments, is attached hereto as Appendix A and is incorporated into and made a part of this Order by reference.
2. The proposed rates contained in the Settlement Agreement have been entered into the record of this case without objection. We find that the schedule of rates and charges and terms and conditions attached hereto as Appendix B is both just and reasonable and will allow the Company to provide its customers with adequate water services.
3. The schedule of rates and charges attached hereto as Appendix B is approved for service rendered thirty days after the issuance of this Order.
4. An operating margin of 2.8% is approved for Hamilton-Haynes.
5. Hamilton-Haynes shall file all necessary documents, reports and other instruments as required by applicable South Carolina statutes and regulations for the operation of its water system in Moncks Corner.

1. Monthly Charges

Residential and Commercial

We are requesting an approval of a flat rate of \$25.00 per month for all single family residents, a \$40.00 flat rate for commercial taps, and a \$40.00 fee for the church. Flat rate of \$12 per month for any irrigation system.

2. Nonrecurring Charges

We are requesting an approval of...

New connection Tap in Fee	
3/4" Meter	\$560.00
1" Meter	\$760.00
1 1/2" Meter	\$1,260.00

New service with existing water Tap	
3/4" Meter	\$60.00

Installation of Irrigation Meter	\$600.00
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If any lawn irrigations are requested they will be considered as low hazard and will require the installation of an approved back-flow prevention device consistent with DHEC regulations and requirements. The expenses for the installation, maintenance, and verification of operation of any back-flow prevention devices will be paid by the customer.

3. Late Payment Charge

We are requesting an approval late-payment charge of 1 1/2 % or any other amount approved by the commission for payments received after the 25th of the month. Service may be terminated for non-payment of a bill pursuant to Commission regulations.

4. Charges for Discontinuance and Reconnection

We are requesting an approval for reconnection fees of forty dollars (\$40.00) during normal working hours (8:00 AM to 4:00 PM Monday - Friday) and fifty dollars (\$50.00) after hours and weekends when service has been discontinued because of non-payment to be paid prior to the utility reconnecting service.

5. NSF Charge

We are requesting an approval of NSF check charge up to the maximum amount allowed by applicable South Carolina Public Service Commission rule.

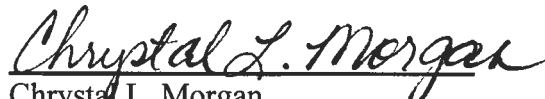
BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2009-512-W

IN RE:

Application of Hamilton-Haynes Water System)	
for an Establishment of Its Service Area, Rates)	CERTIFICATE OF
and Charges for the Provision of Water Services)	SERVICE
)	

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **PROPOSED ORDER** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Carolyn H. Smith, Office and Property Manager
Hamilton-Haynes Water System
255 North Highway 52, Suite 1
Moncks Corner, SC, 29461


Chrystal L. Morgan

August 20, 2010
Columbia, South Carolina